

Commonwealth Savings & Loan Corporation
Tenth Annual Report. Year ended Dec. 31, 1969

AR46



Directors of the company

- * John W. M. Campbell
- Jack L. Edwards
- Allan J. Hammond
- Sidney T. Hopkins, C.A.
- * Robert W. Macaulay, Q.C.
- * Bernard J. Persiko, Q.C.
- Dr. Kenneth A. Roberts
- * Mark M. Tanz
- * Leon E. Weinstein
- * Burton Winberg
- James A. Yanch, Q.C.
- * Members of the Executive Committee

Officers of the company

Mark M. Tanz, President
Robert W. Macaulay, Q.C. Executive Vice-President
John W. M. Campbell, Vice-President & General Manager
Donald J. Cotie, Comptroller
Allan C. Rose, Q.C., Secretary

To the Shareholders

I am pleased to present for your consideration the Annual Report of Commonwealth Savings & Loan Corporation, for the year ending December 31, 1969.

Net income for the year after branch development expenses and depreciation, amounted to \$288,668 or 74¢ per share, as compared to \$182,167 or 47¢ per share in the previous year.

In reviewing the balance sheet, you will note that total deposits exceeded \$31,345,000 at year end as compared with \$27,108,000 in the previous year, representing an increase of almost 16%. During 1969, interest rates rose to extremely high levels and attracted funds which would normally have been deposited in savings or chequing accounts, and therefore, the largest part of this increase was in term deposits and debentures. This trend was generally experienced throughout the Loan and Trust industry.

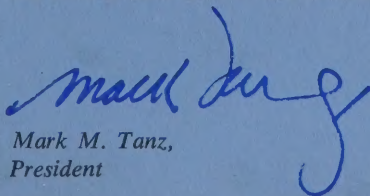
The demand for mortgage loans during 1969 was unprecedented, and during the year, your Company processed 486 new residential loans, almost entirely under the National Housing Act, for a total of \$7,466,000. After repayments of \$3,825,000 during the year, mortgage

loans outstanding at year end amounted to approximately \$24,465,000.

During the year, your Company maintained its policy of keeping in a highly liquid position, and our liquidity ratio at year end at 33% was well above the required 20%.

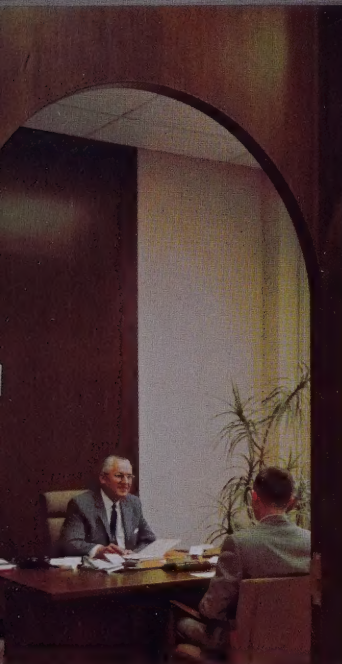
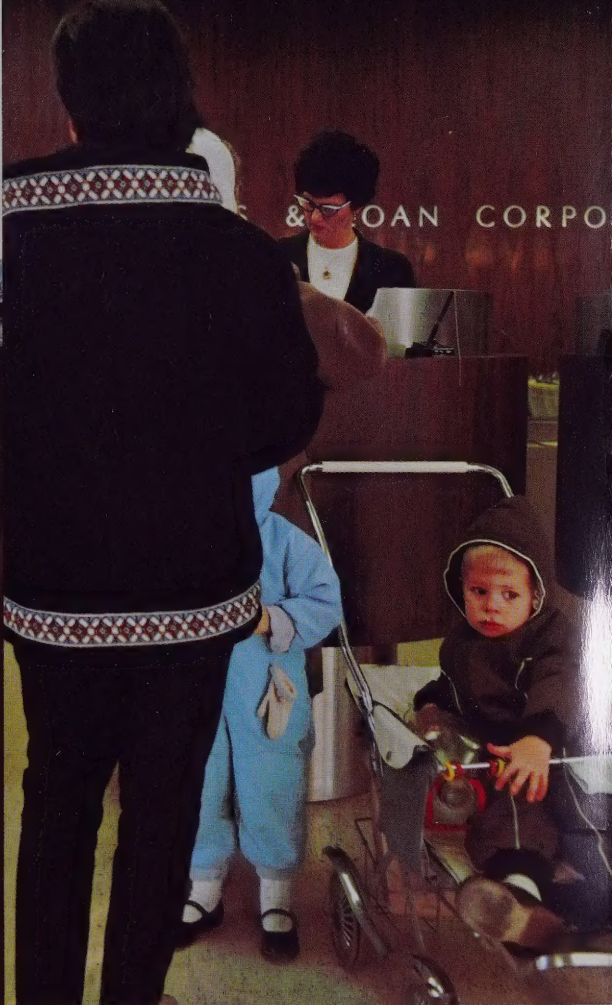
Late in 1969, Commonwealth Savings & Loan Corporation and Central Ontario Trust & Savings Corporation became affiliated. We are awaiting parliamentary action on proposed amendments to the Loan and Trust Corporations Act, which when implemented, will permit the two Companies to become completely integrated. The combined assets of both Companies now exceeds \$45,000,000 and the number of depositors aggregate more than 52,000 individual and corporate accounts. The ultimate merger of these two companies would bring about a much larger business base, additional branch outlets, and further permits an expanding scope of activities for future growth and profitability.

This report records the progress of your company during the tenth year of operation. We enter the next decade with an experienced organization aimed at achieving even greater growth and profitability.



Mark M. Tanz,
President



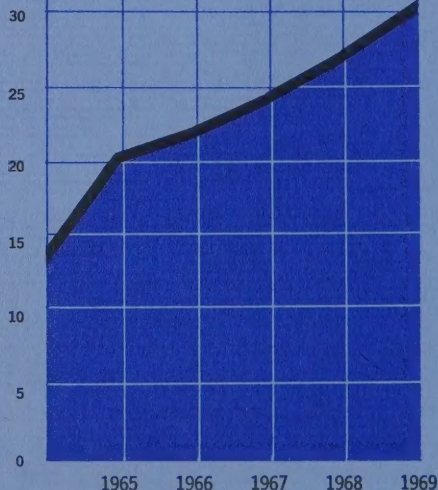


Commonwealth Saving

Financial Highlights*

TOTAL DEPOSITS

MILLIONS
OF DOLLARS



Cash and Securities

Mortgages and Loans

Shareholders' Equity

Savings and Chequing Deposits

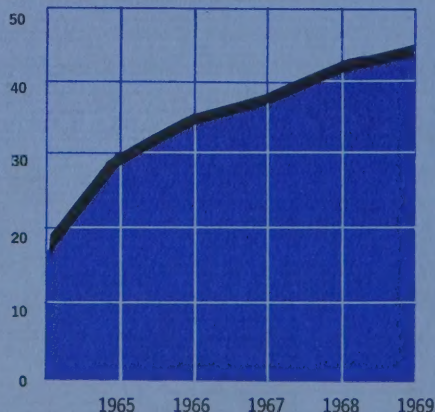
Term Deposits

Debentures

Branch Development Expenses

Number of Depositors

THOUSANDS NUMBER OF DEPOSITORS



Income from Operations

Dividends to Shareholders

TOTAL ASSETS

* Restated where applicable (note 3a)

Loan Corporation

1969	1968	1967	1966	1965
\$ 9,020,426	\$ 8,134,279	\$ 7,918,783	\$ 7,345,220	\$ 7,211,010
24,582,742	20,973,659	17,726,042	17,027,589	15,774,487
2,725,121	2,520,506	2,430,991	2,477,034	2,509,890
20,857,994	20,414,946	17,998,589	17,076,270	15,396,269
1,019,448	292,409	606,344	431,203	1,653,554
9,468,255	6,400,912	5,619,959	4,386,799	3,749,291
111,393	117,774	17,000	76,000	289,000
43,327	41,539	37,264	35,267	30,391
400,061	299,941	44,723	140,423	105,545
97,663	97,372	97,286	97,279	87,154
\$34,770,302	\$30,359,585	\$27,193,962	\$25,937,207	\$24,442,262

Commonwealth Savings

Balance Sheet December 31, 1969

Assets

	1969	1968
Cash and bank deposit receipts.....	\$ 1,845,343	\$ 1,901,797
Securities (note 1)		
Bonds:		
Government of Canada.....	2,531,341	2,547,740
Provinces of Canada.....	2,460,747	1,304,105
Canadian municipalities.....	921,160	936,188
Canadian corporations.....	—	139,171
Term notes due 1969 to 1974.....	428,239	345,555
Stocks.....	833,596	959,723
Total cash, deposit receipts and securities.....	\$ 9,020,426	\$ 8,134,279
Loans secured by bonds and stocks.....	117,295	110,451
Mortgages, less allowance.....	24,465,447	20,863,208
Real estate held for sale and investment.....	5,837	36,806
Office premises, at cost less accumulated depreciation (note 2).....	1,045,633	1,109,814
Accounts receivable and sundry items.....	115,664	105,027
	<u>\$34,770,302</u>	<u>\$30,359,585</u>

The accompanying notes form an integral part of these financial statements.

Audit

To the Shareholders of Commonwealth Savings & Loan Corporation

We have examined the balance sheet of Commonwealth Savings & Loan unappropriated surplus for the year then ended. Our examination included records and other supporting evidence as we considered necessary in the

In our opinion, these financial statements present fairly the financial position for the year then ended, in accordance with generally accepted accounting giving effect in that year to the changes in accounting practice explained

Toronto, Canada.

February 10, 1970.

s & Loan Corporation

December 31, 1969

Liabilities

	1969	1968
Savings and chequing deposits.....	\$20,857,994	\$20,414,946
Term deposits.....	1,019,448	292,409
Debentures.....	9,468,255	6,400,912
	<u>\$31,345,697</u>	<u>\$27,108,267</u>
Mortgages on office premises.....	471,630	489,033
Sundry accounts payable.....	22,756	21,125
	<u>\$31,840,083</u>	<u>\$27,618,425</u>
Deferred mortgage income	\$ 205,098	\$ 220,654

Shareholders' Equity

Capital stock (note 4)		
Authorized —		
100,000 preference shares, par value \$20 each		
600,000 common shares, par value \$5 each		
Issued and fully paid —		
391,499 common shares (1968 — 389,798)	\$ 1,957,495	\$ 1,948,990
Reserve fund.....	122,000	122,000
Unappropriated surplus (note 5)	645,626	449,516
	<u>\$ 2,725,121</u>	<u>\$ 2,520,506</u>
	<u><u>\$34,770,302</u></u>	<u><u>\$30,359,585</u></u>

Approved by the Board:

MARK M. TANZ, *President*

JOHN W. M. CAMPBELL, *Vice-President & General Manager*

Report

ation as at December 31, 1969, and the statements of income and
general review of the accounting procedures and such tests of accounting
instances.

of the company as at December 31, 1969, and the results of its operations
principles applied on a basis consistent with that of the preceding year, after
note 3, with which changes we concur.

Pape, Strom, Lavine & Shulman } Chartered
Thorne, Gunn, Helliwell & Christenson } Accountants

Statement of Income

for year ended December 31, 1969

(with comparative figures at December 31, 1968, as restated)

	1969	1968
Operating revenue:		
Income from mortgage loans.....	\$2,110,294	\$1,665,691
Interest and dividends from bonds and stocks.....	331,718	324,083
Gain on sale of bonds and stocks.....	6,256	19,848
Interest from deposit receipts.....	46,056	142,320
Other operating revenue.....	148,763	112,733
	<u>\$2,643,087</u>	<u>\$2,264,675</u>
Operating expenses:		
Interest on deposits and debentures.....	\$1,378,767	\$1,076,261
Salaries and employee benefits.....	448,129	440,642
Mortgage interest.....	32,469	33,731
Other operating expenses.....	329,105	342,417
Branch development expenses.....	111,393	117,774
Depreciation (note 3a).....	54,556	71,683
	<u>\$2,354,419</u>	<u>\$2,082,508</u>
Income before income taxes and extraordinary item.....	\$ 288,668	\$ 182,167
Income taxes (note 3b).....	125,000	60,000
Income before extraordinary item.....	163,668	122,167
Income tax reduction realized on carry forward of losses for 1964 and 1965 (note 3b).....	125,000	60,000
Net income for the year.....	<u>\$ 288,668</u>	<u>\$ 182,167</u>

Statement of unappropriated Surplus

for year ended December 31, 1969

(with comparative figures at December 31, 1968, as restated)

	1969	1968
Balance at beginning of year		
As previously reported.....	\$ 582,443	\$ 473,515
Adjustment of prior years' depreciation (note 3a).....	132,927	110,564
As restated.....	449,516	362,951
Net income for the year.....	288,668	182,167
Premium received during the year on sale of capital stock.....	5,105	1,770
	<u>743,289</u>	<u>546,888</u>
Dividends.....	97,663	97,372
Balance at end of year (note 5).....	<u>\$ 645,626</u>	<u>\$ 449,516</u>

Notes to the Financial Statements

for year ended December 31, 1969

1. SECURITIES

Government of Canada bonds, provincial and municipal bonds and term notes are stated at cost plus accrued interest and have a market value at December 31, 1969 of approximately \$5,584,000. Stocks are stated at cost plus accrued revenue and have a market value at December 31, 1969 of approximately \$446,000. Included in bonds of Provinces of Canada are Ontario Hydro bonds amounting to \$1,200,000 which mature in February and March 1970.

2. OFFICE PREMISES

	1969	1968
Land and buildings	\$1,015,632	\$1,015,632
Furniture, fixtures and equipment	242,915	260,395
Leasehold improvements	159,242	159,242
	1,417,789	1,435,269
Less accumulated depreciation	372,156	325,455
	<u>\$1,045,633</u>	<u>\$1,109,814</u>

3. CHANGES IN ACCOUNTING PRACTICE

(a) Depreciation policy

At January 1, 1969 the company changed its method of calculating depreciation from the straight line method to the diminishing balance method and adjusted accumulated depreciation to January 1, 1969, to reflect the change. Additional depreciation of \$22,363 was charged to the 1968 income statement and \$110,564 was charged to unappropriated surplus for 1967 and prior years.

(b) Income taxes

In 1969 the company adopted the deferred income tax concept and the 1968 and prior years' figures have been restated where applicable.

The company has a loss carry forward of \$485,000 at December 31, 1969, the tax effect of which has not been recorded. Mortgage reserves in excess of amounts provided in the accounts of \$379,000 and depreciation in excess of capital cost allowances claimed of \$45,000 have been taken into account in arriving at the loss carry forward.

4. CAPITAL STOCK

During the year, 1,701 shares were issued for a cash consideration of \$13,610. At December 31, 1969, options which expire on various dates up to 1972 were outstanding on 5,365 shares.

5. UNAPPROPRIATED SURPLUS

Included in unappropriated surplus is premium received in the current and prior years on the sale of capital stock of the company amounting to \$1,076,011.

6. REMUNERATION OF DIRECTORS AND SENIOR OFFICERS

Direct remuneration of directors and senior officers of the company, including the five highest paid employees, amounted to \$67,896 in 1969 and \$67,116 in 1968. No directors' fees were paid during 1969 and 1968.

7. GUARANTEES

The company is contingently liable as guarantor for land rents of \$22,750 per annum payable by the lessor of one of its branch offices to a third party.

8. LONG TERM LEASES

The company has entered into leasing agreements for the rental of head office and certain branch premises. These leases which expire on various dates up to 1990 require aggregate rentals of approximately \$726,500. Rents payable during 1970 aggregate approximately \$61,500.

9. CONTINGENT COMMITMENT

Commonwealth Savings & Loan Corporation by agreement dated October 23, 1969, has agreed to purchase from Aetna Investment Corporation Limited 67,561 shares of Central Ontario Trust & Savings Corporation acquired by Aetna under its take-over offer of October 24, 1969. The carrying out of the terms of this agreement is dependent on an amendment being made to The Loan and Trusts Corporations Act, or otherwise, which will permit the shares of a trust company to be acquired by a loan corporation and the approval of the Lieutenant Governor of Ontario in Council. The consideration will be two-thirds of a common share of Commonwealth and \$8.00 cash for each share of Central acquired (being the same consideration offered by Aetna to the shareholders of Central). Commonwealth will also reimburse Aetna for its expenses in connection with the acquisition.

General Manager's Report

It is very gratifying to report that 1969 was the most successful year for Commonwealth in its ten year history. Significant increases were realized in all departments, rounding out another year of our continuing growth pattern. All branch offices enjoyed deposit increases during 1969 and this excellent performance contributed materially to the Company's overall improvement. The consistent up trend in earnings enabled the Board of Directors to declare dividends payable to our shareholders on June 30, 1969 and December 31, 1969. Cash dividends declared during the year were \$97,653. Thirty consecutive dividends have been paid by the Company since 1961 totalling in excess of \$635,000.

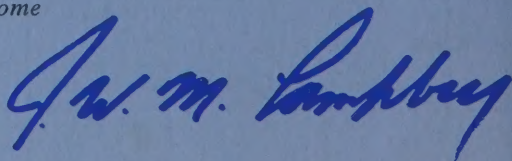
In recognition of the needs of the community and of the obligations of business, we have attempted to answer the urban challenge, specifically in the area of adequate new housing. During 1969, in addition to conventional mortgage loans, we made available financing of \$3,612,000 for the construction of 198 condominium homes, each of which is insured under the National Housing Act. Commonwealth was one of the first lending institutions to enter this field in the Province of Ontario and has since been followed by banks and other financial institutions.

As mentioned elsewhere in this report, Commonwealth has recently become

closely affiliated with Central Ontario Trust and Savings Corporation. The service area of our two institutions now covers a triangle in the Southern and Central communities of Ontario. This close association now offers excellent opportunities for increasing the flexibility of our operations and broadening the types of services we can render to the public.

We move into 1970 confident of our ability to develop and expand our customer services and to execute the challenging program which we are developing for the years ahead. Our purpose is not merely to participate in the development of our geographical area economy, but to assume a leadership role in the continuing growth of our total trading area, broaden our earning base and create new values for our shareholders.

To accomplish this we have a Board of Directors composed of men of high competence, enthusiastic interest and commitment as well as a strong staff, well motivated, highly qualified and dedicated to the Company and its service to our customers and community. To them I express the appreciation of the senior management of Commonwealth for the accomplishments of the year just passed and in anticipation of attaining our goals for the future.



J. W. M. Campbell,
Vice-President
& General Manager

COMMONWEALTH SAVINGS & LOAN CORPORATION



Branches

J. C. Merritt, Manager

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W. G. Belyea, Manager

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Kingston, Ontario
Phone 542-2837

R. J. Acres, Manager

150 Sparks Street
Ottawa, Ontario
Phone 236-7121

J. DiLuca, Manager

558 Bloor Street West
Toronto, Ontario
Phone 534-9211

J. M. Morton, Manager

1064 Eglinton Avenue West
Toronto, Ontario
Phone 789-2933

J. I. Davidson, Manager

2913 Lakeshore Blvd. West
Toronto, Ontario
Phone 259-2351

L. G. Aldebert, Manager

1468 Queen Street West
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Phone 531-9908

R. W. Defoe, Manager

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Windsor, Ontario
Phone 252-7268

Executive Offices

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Phone 421-8420